

**Illinois Department of Revenue
Regulations**

Title 86 Part 160 Section 160.117 Persons Who Lease Tangible Personal Property to Governmental Bodies
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TITLE 86: REVENUE

**PART 160
SERVICE USE TAX**

Section 160.117 Persons Who Lease Tangible Personal Property to Governmental Bodies

- a) Effective January 1, 1996, tangible personal property transferred incident to a sale of service to a lessor who leases that property to a governmental body is not subject to Service Use Tax provided that:
- 1) the property must be leased to a governmental body under a lease that has been executed or is in effect at the time of purchase;
 - 2) the lease must be for a period of one year or longer; and
 - 3) the lease must be to a governmental body that has an active tax exemption identification number issued by the Department under Section 1g of the Retailers' Occupation Tax Act (see 86 Ill. Adm. Code 130.2007).
- b) When this exemption may be properly claimed, the service customer must give the serviceman a certification stating that the property is for lease to a governmental body, under a lease of one year or longer executed or in effect at the time of the purchase, and containing all of the following:
- 1) The serviceman's name and address;
 - 2) The service customer's name and address;
 - 3) A description of the tangible personal property being purchased;
 - 4) The service customer's signature and date of signing;
 - 5) The name of the governmental body and its tax exemption identification number issued by the Department; and
 - 6) The date the lease was executed and the lease period.
- c) If the property is used in a manner that does not qualify for the exemption or is used in any other non-exempt manner, the lessor is liable for the appropriate tax imposed under the Service Use Tax Act. In that event, the amount of Service Use Tax liability incurred is based on the fair market value of the property at the time the non-qualifying use occurred.

(Source: Added at 20 Ill. Reg. 16219, effective December 16, 1996)